



House of Representatives

General Assembly

File No. 296

January Session, 2017

Substitute House Bill No. 7239

House of Representatives, March 29, 2017

The Committee on Public Safety and Security reported through REP. VERRENGIA of the 20th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING A REQUEST FOR PROPOSALS TO QUALIFY AN ENTITY TO DEVELOP A CASINO GAMING FACILITY IN THE STATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (*Effective from passage*) (a) On or before January 1, 2018, the
2 Commissioners of Consumer Protection and Economic and
3 Community Development shall develop and issue a request for
4 proposals to qualify any person, business organization or Indian tribe
5 to develop, manage and operate a possible casino gaming facility in
6 the state. The request for proposals shall require a responder to:
- 7 (1) Provide an outline of the significant benefits that the proposed
8 gaming facility will bring to the municipality in which the casino
9 gaming facility may be located, the surrounding municipalities and the
10 state, and a plan to attract both residents and tourists to the proposed
11 casino gaming facility;

12 (2) Submit a development agreement entered into by the responder
13 with a municipality regarding the establishment of the proposed
14 casino gaming facility in the municipality, provided such development
15 agreement was subject to approval by a referendum of the
16 municipality and requires the responder to make an annual payment
17 to the municipality in an amount not less than eight million dollars if
18 and when the proposed casino gaming facility becomes operational;

19 (3) Submit a market analysis detailing the benefits of the proposed
20 casino gaming facility;

21 (4) Agree to make a capital investment of not less than three
22 hundred million dollars in the proposed casino gaming facility;

23 (5) Provide information and documentation to demonstrate that the
24 responder has sufficient business ability and experience and financial
25 stability to establish and maintain the proposed casino gaming facility;

26 (6) Submit the designs for the proposed casino gaming facility and a
27 timeline for its construction;

28 (7) Estimate the number of employees to be employed at the
29 proposed casino gaming facility, including information regarding the
30 pay rate and benefits for such employees;

31 (8) Indicate whether the responder has a contract with organized
32 labor and has the support of organized labor for its response;

33 (9) Describe a process to maximize the use of small business
34 enterprises, particularly those owned and operated by minorities and
35 other socially or economically disadvantaged individuals in the state;

36 (10) Submit a plan to mitigate the potential negative public health
37 consequences associated with gambling and the operation of the
38 proposed casino gaming facility;

39 (11) Provide a plan to protect off-track betting facilities throughout
40 the state from any adverse impacts due to the operation of the

41 proposed casino gaming facility;

42 (12) Describe the type and number of games to be conducted at the
43 proposed casino gaming facility;

44 (13) Demonstrate the responder's ability to pay a licensing fee of not
45 less than two hundred fifty million dollars for a possible license to
46 operate a casino gaming facility in the state for a period of ten years;

47 (14) Agree to pay to the state (A) a minimum of thirty-five per cent
48 of the gross gaming revenue from the possible operation of video slot
49 machines at the proposed casino gaming facility, and (B) a minimum
50 of ten per cent of the gross gaming revenue from the operation of all
51 other games at the proposed casino gaming facility; and

52 (15) Provide other information as the commissioners may deem
53 necessary.

54 (b) The response shall be accompanied by a fee of five million
55 dollars, which shall be refundable if the responder is not chosen by the
56 commissioners to be qualified or if the General Assembly does not
57 authorize the operation of a casino gaming facility in the state. The
58 commissioners shall waive such fee for any response submitted by the
59 Mashantucket Pequot Tribe or the Mohegan Tribe of Indians of
60 Connecticut.

61 (c) The commissioners shall develop selection criteria to evaluate
62 responses and may qualify one person, business organization or Indian
63 tribe that submits a response to the request for proposals to develop,
64 manage and operate a possible casino gaming facility in the state.

65 (d) The commissioners shall submit a report, in accordance with the
66 provisions of section 11-4a of the general statutes, to the joint standing
67 committees of the General Assembly having cognizance of matters
68 relating to public safety and security and commerce that (1) describes
69 and summarizes the request for proposals, the responses received and
70 the selection criteria, and (2) demonstrates that the person, business
71 organization or Indian tribe qualified by the commissioners to

72 develop, manage and operate a proposed casino gaming facility in the
73 state meets the selection criteria.

74 (e) A person, business organization or Indian tribe may not establish
75 a casino gaming facility in the state until the General Assembly has
76 enacted legislation to provide for the operation of and participation in
77 a casino gaming facility and such legislation has taken effect.

This act shall take effect as follows and shall amend the following sections:		
Section 1	from passage	New section

Statement of Legislative Commissioners:

In Subsec. (a)(2), "if and when the proposed casino gaming facility becomes operational;" was added for clarity and consistency with other provisions of the subsection; in Subsec. (d), "shall" was deleted, and "describe", "summarize" and "demonstrate" were changed to "describes", "summarizes" and "demonstrates" for consistency with standard drafting conventions; in Subsec. (e), "amended state law" was changed to "enacted legislation" and "law" was changed to "legislation" for accuracy; and the title was changed.

PS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 18 \$	FY 19 \$
Resources of the General Fund	GF - Revenue Impact	None	See Below
Consumer Protection, Dept.; Department of Economic & Community Development	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: See below

Explanation

The bill results in a potential significant revenue gain in fees by requiring the Commissioners of Consumer Protection and Economic and Community Development to develop a request for proposal for a casino gaming facility.

The bill requires a fee of \$5 million for each proposal. However, under the bill the fee: (1) is refundable in the event a responder is not chosen and (2) is waived for any response submitted by the Mashantucket Pequot or Mohegan Tribes. The fee revenue could be realized as early as FY 18.

It is anticipated that the Departments of Consumer Protection and Economic and Community Development can develop the request for proposal and evaluate any received responses without additional resources.

Gross Gaming Revenue. The bill specifies that responders must pay the state (1) a minimum of 35% of gross gaming revenue from

video slot machines, and (2) a minimum of 10% of gross gaming revenue from all other games at any casino gaming facilities established in Connecticut. The timing and magnitude of the revenue impact to the state is dependent on the operation date, location or locations, specific number and type of gaming devices offered, and legislative approval of additional casino gaming facilities.

It is unclear what, if any, impact this would have on casino gaming revenue the state currently receives. In FY 16, the state received approximately \$265.9 million in tribal casino gaming payments.

Municipal Impact. The bill requires any development agreement between a casino developer and a municipality to 1) include an annual payment to the municipality of at least \$8 million, and 2) be subject to a referendum by the municipality.

To the extent that these agreements occur, there is a revenue gain of at least \$8 million annually to any municipality that enters into them. This is minimally offset by the cost associated with a referendum, estimated to be less than \$5,000.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to whether a casino is selected by the commissioners, is built, and is opened, the extent to which new alcohol sales occur, and whether new in-state gaming occurs.

Sources: Connecticut Attorney General 2017-02 Formal Opinion

OLR Bill Analysis

sHB 7239

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SUMMARY

The Office of Legislative Research does not analyze Special Acts.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute

Yea 21 Nay 4 (03/15/2017)